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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER

8- 67420

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01-01-07 AND ENDING 12-31-07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: EMERALD VENTURES, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

84 NE LOOP 410, SUITE 126

(No. and Street)

SAN ANTONIOTEXAS78216

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

RICHARD F. AMSBERRY(214) 360-9822

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PADGETT, STRATEMANN & CO., LLP

(Name - if individual, state last, first, middle name)

100 NE LOOP 410SAN ANTONIOTEXAS78216

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.**PROCESSED****MAR 28 2008****THOMSON  
FINANCIAL****SEB** (Zip Code)  
**Mail Processing  
Section****FEB 29 2008****Washington, DC****FOR OFFICIAL USE ONLY****100**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

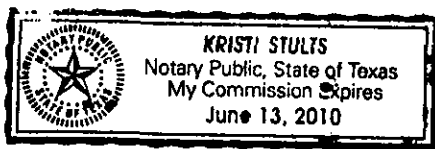
SEC 1410 (06-02)

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## OATH OR AFFIRMATION

I, MATTHEW C. BELLION, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of EMERALD VENTURES, LLC, as of DECEMBER 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Kristi Stults  
Notary Public

Matthew C. Bellion  
Signature  
President  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**Emerald Ventures, LLC**

Financial Statements  
and Supplementary Information

SEG

Mail Processing  
Section

December 31, 2007

FEB 29 2008

Washington, DC  
- 100

# Emerald Ventures, LLC

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PS&Co.

Padgett Stratemann & Co. LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## Independent Auditors' Report

To the Members  
Emerald Ventures, LLC  
San Antonio, Texas

We have audited the accompanying statement of financial condition of Emerald Ventures, LLC (the "Company") as of December 31, 2007, and the related statements of income, changes in members' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emerald Ventures, LLC as of December 31, 2007, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Padgett, Stratemann & Co.*

Certified Public Accountants  
San Antonio, Texas  
February 27, 2008

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# **Emerald Ventures, LLC**

## **Statement of Financial Condition**

December 31, 2007

### **Assets**

#### **Assets**

Cash	\$ 69,588
Accounts receivable	<u>53,900</u>
	<u>\$ 123,488</u>

### **Liabilities and Members' Equity**

#### **Liabilities**

Commissions payable	\$ 53,900
Accounts payable – related party	16,027
Other liabilities	<u>100</u>
Total liabilities	70,027

#### **Members' Equity**

<u>53,461</u>
<u>\$ 123,488</u>

*Notes to financial statements form an integral part of this statement.*

# Emerald Ventures, LLC

## Statement of Income

Year Ended December 31, 2007

Revenues and income:	
Commission income	\$ 542,268
Other income	<u>35,000</u>
Total revenues and income	<u>577,268</u>
Expenses:	
Employee compensation and benefits	443,527
Regulatory fees	54,713
Occupancy	38,400
Other expenses	<u>7,115</u>
Total expenses	<u>543,755</u>
Net income	<u>\$ 33,513</u>

*Notes to financial statements form an integral part of this statement.*

**Emerald Ventures, LLC**

**Statement of Changes in Members' Equity**

**Year Ended December 31, 2007**

Balance at December 31, 2006	\$ 9,948
Contributions	10,000
Net income – year ended December 31, 2007	<u>33,513</u>
Balance at December 31, 2007	\$ <u><u>53,461</u></u>

*Notes to financial statements form an integral part of this statement.*

**Emerald Ventures, LLC**

Statement of Cash Flows

Year Ended December 31, 2007

Increase (Decrease) in Cash

**Cash Flows From Operating Activities**

Net income	\$ 33,513
Adjustments to reconcile net income to net cash provided by operating activities:	
Net change in:	
Accounts receivable	(53,900)
Commissions payable	53,900
Accounts payable – related party	<u>16,027</u>
Net cash provided by operating activities	<u>49,540</u>

**Cash Flows From Financing Activities – Member**

Contributions	<u>10,000</u>
Net increase in cash and cash equivalents	59,540

Cash at beginning of year	<u>10,048</u>
Cash at end of year	<u>\$ 69,588</u>

*Notes to financial statements form an integral part of this statement.*

# **Emerald Ventures, LLC**

## **Notes to Financial Statements**

### **1. Summary of Significant Accounting Policies**

Emerald Ventures, LLC (the "Company") was organized in the state of Texas to operate as a broker-dealer registered with the Securities Exchange Commission ("SEC") and is a member of various exchanges and the Financial Industry Regulatory Authority. The Company sells oil and gas securities that are written by Patriot Minerals, LLC, ("Patriot") a related party.

A summary of the significant accounting policies followed by the Company in preparation of the accompanying financial statements is set forth below.

#### ***Revenue Recognition***

Commission income and expenses are reported on a trade date basis. Commissions earned on sales that have not broken escrow are included in commissions receivable.

#### ***Use of Estimates in Financial Statement Presentation***

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Federal and State Income Taxes***

There is no income tax provision included in these financial statements, as the profit or loss of the Company is required to be reported by the members on their federal income tax returns. The Company is subject to the Texas gross margin tax.

#### ***Credit Risk***

The Company's customer accounts are held in escrow until the transactions are funded.

### **2. Related Party Transactions**

The Company sells securities on behalf of Patriot. All commissions earned in 2007 relate to sales of Patriot's oil and gas securities. The Company leases office space from Patriot. The lease is a 60 month lease expiring in December 2011. Lease expense totaled \$34,900 during 2007, and is included in occupancy expenses on the statement of income.

# **Emerald Ventures, LLC**

## **Notes to Financial Statements**

### **3. Net Capital Requirements**

The Company is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital requirements, and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 8 to 1 for 12 months after commencing business as a broker or dealer, and 15 to 1 after the first 12 months of operations. At December 31, 2007, the Company had net capital of \$53,461 which was \$48,461 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 131% at December 31, 2007.

## Supplementary Information

# Emerald Ventures, LLC

## Schedule of Computation of Net Capital

December 31, 2007

### Schedule I – Computation of Net Capital

Total members' equity	\$ 53,461
Deductions:	
Nonallowable assets	<u>-</u>
Net capital before haircuts on securities	53,461
Haircuts on securities	<u>-</u>
Net capital	<u>\$ 53,461</u>

### Schedule II – Computation of Aggregate Indebtedness

Liabilities	\$ <u>70,027</u>
Total aggregate indebtedness	\$ <u>70,027</u>
Percentage of aggregate indebtedness to net capital	<u>131%</u>

### Schedule III – Computation of Basic Net Capital Requirements

Minimum net capital required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	\$ 5,000
Excess net capital	\$ 48,461

No differences exist between the amounts above, which are based on the audited financial statements and the amounts in the Company's unaudited Financial and Operational Combined Uniform Single Report as of December 31, 2007.

*See independent auditors' report.*



Padgett Stratemann & Co. LLP

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

Independent Auditors' Report on Internal Control  
Required by SEC Rule 17a-5

To the Members  
Emerald Ventures, LLC  
San Antonio, Texas

In planning and performing our audit of the financial statements of Emerald Ventures, LLC (the "Company"), for the year ended December 31, 2007, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

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The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance, that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. However, we noted no matters involving internal control, including control activities for safeguarding securities we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe the Company's practices and procedures were adequate at December 31, 2007, to meet SEC objectives.

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This report is intended solely for the information and use of the Members, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than the specified parties.

*Padgett, Stone & Co.*

Certified Public Accountants  
San Antonio, Texas  
February 28, 2008

**END**